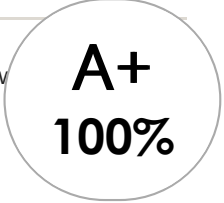


17 Multiple choice questions



A+
100%

1. is loans to individuals, businesses and governments for spending on consumption and investment
 - a. **CORRECT: credit**
 - b. a share
 - c. float
 - d. bonds

2. is the government body established to regulate all deposit-taking institutions, life and general insurance organisations and superannuation funds
 - a. The Reserve Bank of Australia (RBA)
 - b. Australian Securities Exchange (ASX)
 - c. **CORRECT: The Australian Prudential Regulation Authority (APRA)**
 - d. Council of Financial Regulators

3. is the major share market in Australia, where the purchase and sale of most shares in public companies occurs; the share market brings together people wishing to buy and sell shares to allow transactions to occur
 - a. securities
 - b. **CORRECT: Australian Securities Exchange (ASX)**
 - c. all ordinaries index
 - d. Australian Securities and Investments Commission (ASIC)

4. are markets in which investors trade financial assets, such as shares of debentures, with other investors
 - a. Council of Financial Regulators
 - b. **CORRECT: secondary financial markets**
 - c. primary financial markets
 - d. securities

5. occurs when investors buy assets with the intention of re-selling them for a higher price within a short period
 - a. **CORRECT: speculation**
 - b. float
 - c. credit
 - d. securities

6. is a type of financial asset that provides an individual with ownership over part of a business or company
- a. bonds
 - b. float
 - c. credit
 - d. **CORRECT: a share**
7. are the profit returns received by the shareholders (owners) of a business
- a. credit
 - b. a share
 - c. **CORRECT: dividends**
 - d. bonds
8. are markets in which firms raise funds by selling financial assets, such as shares or debentures, to investors
- a. **CORRECT: primary financial markets**
 - b. Council of Financial Regulators
 - c. secondary financial markets
 - d. capital gains
9. is a coordinating body for financial market regulation that provides for cooperation and collaboration among its four members, the Reserve Bank of Australia, the Australian Regulation Authority, the Australian Securitisation and Investors Commission, and the Australian Treasury
- a. capital gains
 - b. secondary financial markets
 - c. **CORRECT: Council of Financial Regulators**
 - d. primary financial markets
10. is an entity whose shares are traded freely on the share market, and are not subject to any restrictions on being transferred to other parties
- a. a share
 - b. float
 - c. speculation
 - d. **CORRECT: public company**

11. are the profits made by investors who sell their shares or assets at a price above the level that they originally paid for them
- a. securities
 - b. **CORRECT: capital gains**
 - c. speculation
 - d. credit
12. is Australia's central bank; its main roles are to conduct monetary policy and oversee the stability of the financial system
- a. secondary financial markets
 - b. all ordinaries index
 - c. **CORRECT: The Reserve Bank of Australia (RBA)**
 - d. primary financial markets
13. a float occurs when a company lists itself on the stock exchange and offers its shares to the general public for the first time
- a. credit
 - b. a share
 - c. bonds
 - d. **CORRECT: float**
14. are any form of financial instrument, including shares and bonds, that provide the holder of that instrument with a claim over real assets or a future income stream
- a. **CORRECT: securities**
 - b. speculation
 - c. float
 - d. credit
15. is the government body with responsibility for corporate regulation, consumer protection and the oversight of financial service products
- a. The Reserve Bank of Australia (RBA)
 - b. The Australian Prudential Regulation Authority (APRA)
 - c. **CORRECT: Australian Securities and Investments Commission (ASIC)**
 - d. Australian Securities Exchange (ASX)

16. are written record of a debt; the borrower sells a bond in return for a loan; the holder of a bond receives interest payments and the final repayment; bonds can be sold in secondary financial markets
- a. dividends
 - b. **CORRECT:** bonds
 - c. float
 - d. credit
17. is a stock index measuring changes in the overall value of companies listed on the Australian Securities Exchange
- a. securities
 - b. a share
 - c. dividends
 - d. **CORRECT:** all ordinaries index